

Rubin & Hays

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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

RECEIVED

OCT 8 2004

PUBLIC SERVICE
COMMISSION

October 7, 2004

Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2004-00405

Re: McCreary County Water District - Public Service Commission Application for the
Water System Improvements Project

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the McCreary County Water District for a Certificate of Public Convenience and Necessity to construct and finance a water improvement project pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Preliminary and Final Engineering Reports two (2) are enclosed.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:jl
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 156.0000

**Re: McCreary County Water District Water System Revenue Bonds, Series 2005,
in the amount of \$750,000 (Countywide Water Extensions Project)**

Mr. Kenneth H. Slone
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7425

Mr. Tom Coffey
Rural Development
95 South Laurel Road, Suite A
London, Kentucky 40744

Telephone: (606) 864-5168
Fax: (606) 878-7717

Mr. Steve Owens, Manager
McCreary County Water District
P.O. Box 488
Whitley City, Kentucky 42653

Telephone: (606) 376-2540
Fax: (606) 376-5507

Tim Lavender, Esq.
Courthouse Square
P.O. Box 69
Whitley City, Kentucky 42653

Telephone: (606) 376-2233

Mr. Deron S. Byrne, P.E.
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, Kentucky 40342

Telephone: (502) 839-1310
Fax: (502) 839-1373

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Telephone: (502) 569-7525
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

OCT 8 2004

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION OF MCCREARY COUNTY WATER)
DISTRICT OF MCCREARY COUNTY, KENTUCKY,)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE) NO. 2004-004055
AND NECESSITY TO CONSTRUCT AND FINANCE)
PURSUANT TO KRS 278.023.)**

A P P L I C A T I O N

This Application of the McCreary County Water District ("Applicant") of McCreary County, Kentucky, respectfully shows:

1. That Applicant is a water district of McCreary County, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

McCreary County Water District
c/o Mr. Raymond Taylor, Chairman
P.O. Box 488
Whitley City, Kentucky 42653

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity permitting Applicant to construct a water project, consisting of extensions, additions, and improvements (the "Project") to the existing water system of Applicant; and (ii) an Order approving the proposed plan of financing said Project.

4. That the Project consists of the construction and installation of approximately 18,900 linear feet of 6-inch water line; 170,000 linear feet of 4-inch water line; 117,000 linear feet of 3-inch water line; one hydropneumatic pump station; and one 50,000 gallon elevated water storage tank with appurtenances to serve approximately 225 households.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$750,000 of its Waterworks Revenue Bonds; (ii) a Rural Development ("RD") Grant in the amount of \$950,000; (iii) an Appalachian Regional Commission ("ARC") grant in the amount of \$400,000; (iv) a State of Kentucky Coal Development Fund ("CDF") grant in the amount of

\$920,000; and (v) an Applicant contribution in the amount of \$55,000. Applicant has a commitment from RD to purchase said \$750,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit. The CDF grant was awarded after the issuance of the RD Letter of Conditions, therefore, such grant is not reflected in the financing section of paragraph #22 of such Letter of Conditions.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Contract Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The existing rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

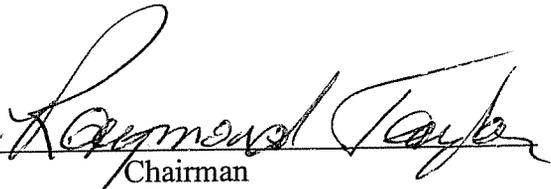
8. That the foregoing constitutes the documents necessary to obtain the approval of the Kentucky Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, Applicant, the McCreary County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a water project consisting of extensions, additions, and improvements to the water system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) \$750,000 of McCreary County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; (ii) a Rural Development grant in the amount of \$950,000; (iii) an ARC grant in the amount of \$400,000; (iv) a CDF grant in the amount of \$920,000; and (v) an Applicant contribution in the amount of \$55,000.

MCCREARY COUNTY WATER DISTRICT

By:


Chairman
Board of Water Commissioners


W. RANDALL JONES, ESQ.

RUBIN & HAYS

Counsel for Applicant

Kentucky Home Trust Building

450 South Third Street

Louisville, Kentucky 40202

(502) 569-7525



United States
Department of
Agriculture

Rural
Development

771 Corporate Drive, Suite 200
Lexington, KY 40503-5477
(859) 224-7336 TTY(859) 224-7422

April 18, 2003

Mr. Raymond Taylor, Chairman
McCreary County Water District
P.O. Box 488
Whitley City, Kentucky 42653

Dear Mr. Taylor:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$750,000, a RUS grant not to exceed \$950,000, and an Appalachian Regional Commission (ARC) grant of \$400,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 6,014 water users, of which 5,789 are existing users and 225 are new users contributing \$55,000 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Rural Development Manager will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (April 1st and October 1st) and principal will be due on or before the first of April. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Rural Development Manager will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit \$350.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$42,000. The deposits are to be resumed any time the account falls below the \$42,000.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A combined pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$484,000.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Compliance with Section 504 of the Rehabilitation Act of 1973:

The Water District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

16. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Water District will be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The Water District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,687,000
Land and Rights	10,000
Legal and Administrative	40,000
Engineering	224,000
Interest	25,000
Contingencies	<u>169,000</u>
TOTAL	\$ 2,155,000

Financing:

RUS Loan	\$ 750,000
RUS Grant	950,000
ARC Grant	400,000
Applicant Contribution	<u>55,000</u>
TOTAL	\$ 2,155,000

23. Debt Collection Improvement Act (DCIA) of 1996:

The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments after January 1, 1999, must be made by Electronic Funds Transfer/Automated Clearing House (EFT/ACH). Borrowers receiving payments by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

24. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS/ARC grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Residential & Non-Residential Rates:

First	2,000	gallons @ \$	12.45 - Minimum Bill.
All Over	2,000	gallons @ \$	3.75 - per 1,000 gallons.

Prison Rates:

First	1,950,000	gallons @ \$	7,317.45 - Minimum Bill.
All Over	1,950,000	gallons @ \$	3.75 - per 1,000 gallons.

Water Connection Fees:

5/8" x 3/4" Meter Size - \$ 350.00
 Larger than 5/8" x 3/4" Metes – Actual Cost of Installation

26. Commitment of ARC Grant:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC Grant in the amount of \$400,000.

27. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

28. Water Withdrawal Permit:

The Water District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

29. Mitigation Measures:

- A. The Water District shall be required to comply with the requirements of the Kentucky State Clearinghouse as detailed by letter dated June 7, 2002.
- B. The Water District shall be required to comply with the requirements, if any, of the U.S. Fish and Wildlife Service as requested by letter dated November 22, 2002.
- C. The Water District will comply with all applicable executive orders and regulations that are applicable to the preservation of prime farmlands, wetlands, floodplains, and cultural resources.

30. Final Approval Conditions:

Final approval of this loan will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

- cc:
- Rural Development Manager - London, Kentucky
 - Community Development Manager - London, Kentucky
 - Cumberland ADD - London, Kentucky
 - Tim Lavender - Whitley City, Kentucky
 - Harper, Ferguson & Davis - Louisville, Kentucky
 - ✓ Monarch Engineering - Lawrenceburg, Kentucky
 - PSC - ATTN: Bob Amato - Frankfort, Kentucky



**United States Department of Agriculture
Rural Development**
Kentucky State Office

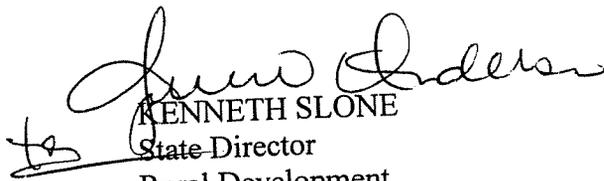
October 1, 2004

SUBJECT: McCreary County Water District
County Water Extensions
Contract Award Concurrence

TO: Area Director
London, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 30, Stotts Construction, in the amount of \$1,218,746.50; the low bidder on Contract 31, Stotts Construction, in the amount of \$868,438; and the low bidder on Contract 32, Phoenix Fabricators and Erectors, in the amount of \$207,082.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.


KENNETH SLONE
State Director
Rural Development

cc: Monarch Engineering, Inc.
Lawrenceburg, Kentucky

✓
Rubin and Hayes
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).



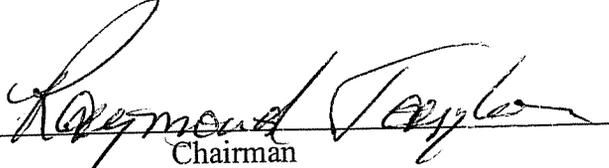
**CERTIFICATE OF CHAIRMAN OF THE MCCREARY COUNTY WATER DISTRICT,
AS TO STATEMENT REQUIRED BY SECTION 3(2)(D) OF 807 KAR 5:069**

I, Raymond Taylor, hereby certify that I am the duly qualified and acting Chairman of the McCreary County Water District of McCreary County, Kentucky, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the water system of the District (the "Project"), in cooperation with Monarch Engineering, Inc., Lawrenceburg, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the existing rates of the District are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about November 5, 2004, and will end on or about August 5, 2005.

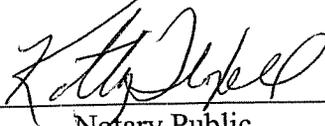
IN TESTIMONY WHEREOF, witness my signature this October 1, 2004.



Chairman
McCreary County Water District

STATE OF KENTUCKY)
) SS
COUNTY OF MCCREARY)

Subscribed and sworn to before me by Raymond Taylor, Chairman of the Board of Commissioners of the McCreary County Water District, on this October 1, 2004.



Notary Public
In and For Said State and County

RECEIVED

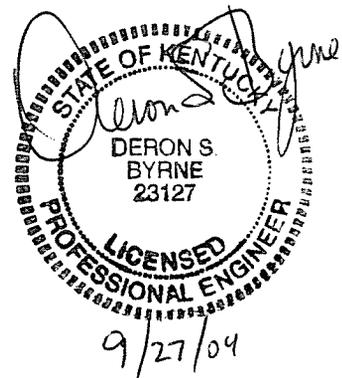
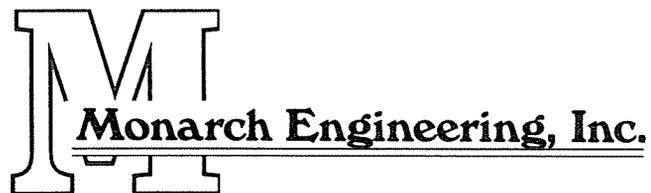
OCT 8 2004

PUBLIC SERVICE
COMMISSION

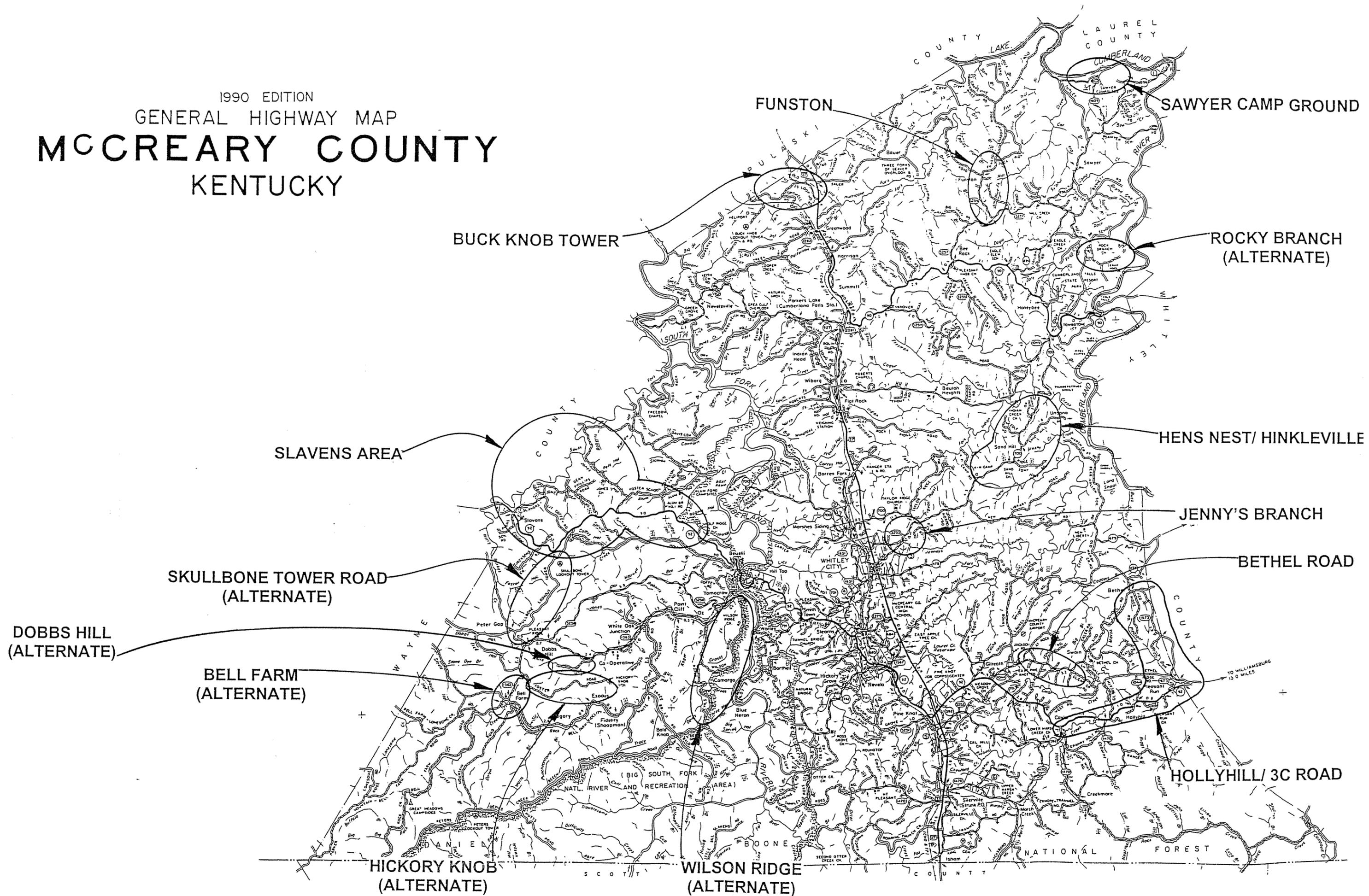
**PRELIMINARY ENGINEERING REPORT
FOR THE
MCCREARY COUNTY WATER DISTRICT
MCCREARY COUNTY, KENTUCKY
WATER SYSTEM EXTENSIONS PROJECT**

PROJECT NO. 0254

NOVEMBER 2002



1990 EDITION
GENERAL HIGHWAY MAP
MCCREARY COUNTY
KENTUCKY



FUNSTON

SAWYER CAMP GROUND

BUCK KNOB TOWER

ROCKY BRANCH
(ALTERNATE)

SLAVENS AREA

HENS NEST/ HINKLEVILLE

JENNY'S BRANCH

BETHEL ROAD

DOBBS HILL
(ALTERNATE)

BELL FARM
(ALTERNATE)

HOLLYHILL/ 3C ROAD

HICKORY KNOB
(ALTERNATE)

WILSON RIDGE
(ALTERNATE)

TO WILLIAMSBURG
13.0 MILES

COOPERSVILLE, KY.
SW/4 BURNSIDE 15' QUADRANGLE
36084-G6-TF-024

NEVELSVILLE, KY.
SE/4 BURNSIDE 15' QUADRANGLE
36084-G5-TF-024

PROPOSED WATER LINE

EXISTING WATER LINE

DANIEL BOONE
NATIONAL FOREST

SHEET 1 OF 3

BELL FARM, KY.
NW/4 BARTHELL 15' QUADRANGLE
N3637.5 - W8437.5/7.5

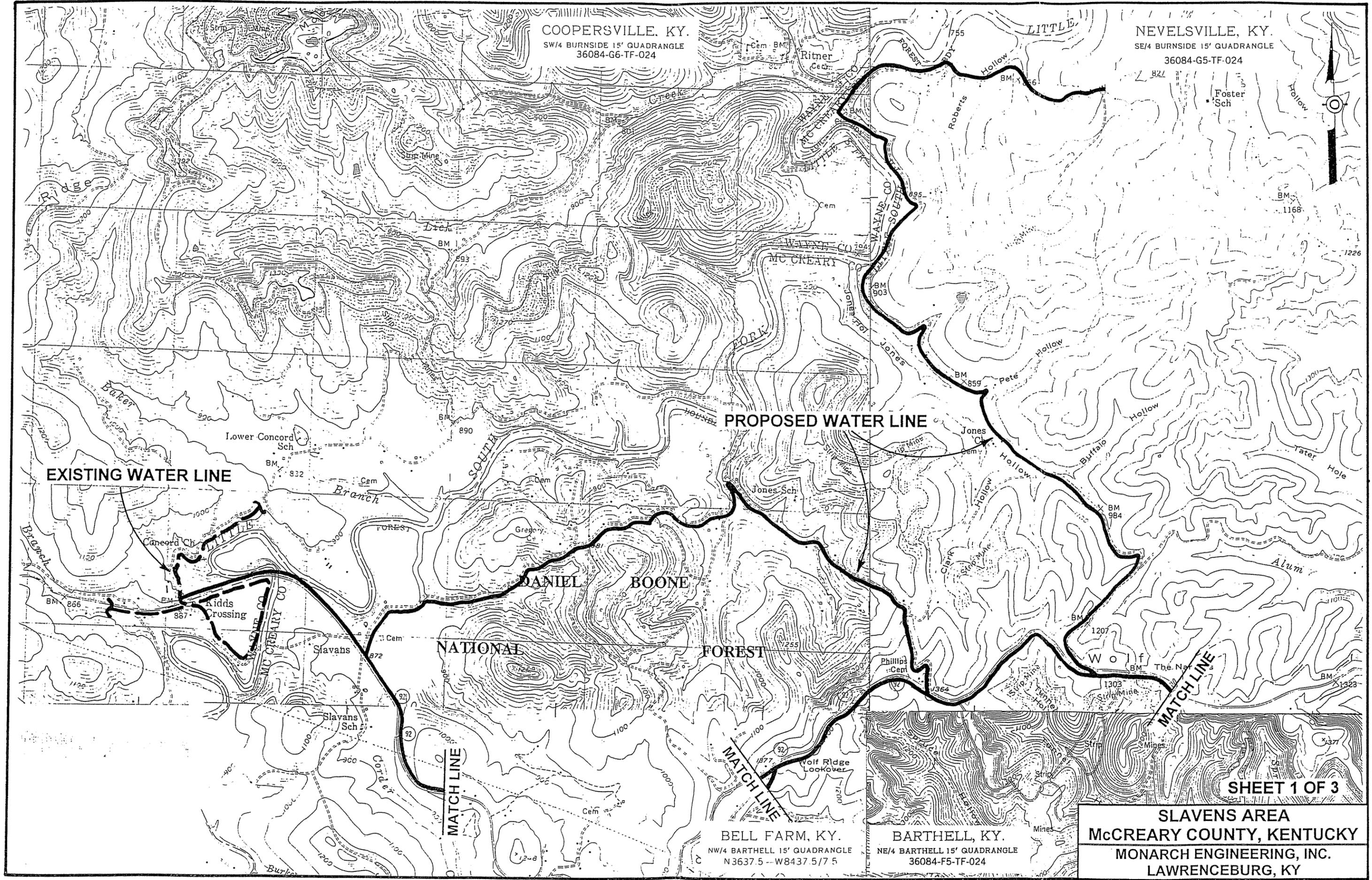
BARTHELL, KY.
NE/4 BARTHELL 15' QUADRANGLE
36084-F5-TF-024

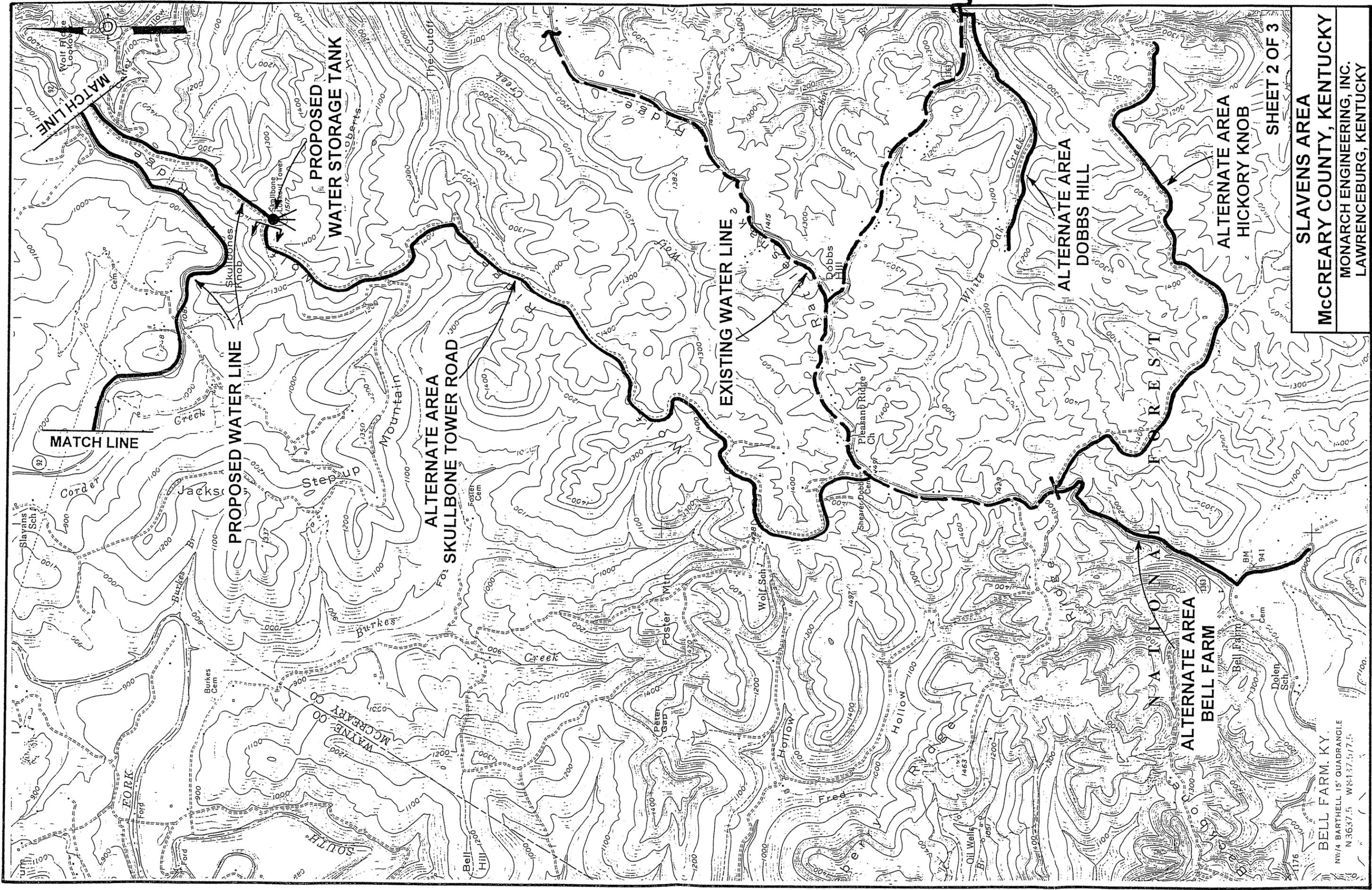
SLAVENS AREA
McCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KY

MATCH LINE

MATCH LINE

MATCH LINE





SHEET 2 OF 3

SLAVENS AREA
MCCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY

BELL FARM, KY.
NW/4 BARTHELL 15' QUADRANGLE
N 3637.5 W 1137.5 17.5

NEVELSVILLE, KY.
SE/4 BURNSIDE 15' QUADRANGLE
36084-G5-TF-024

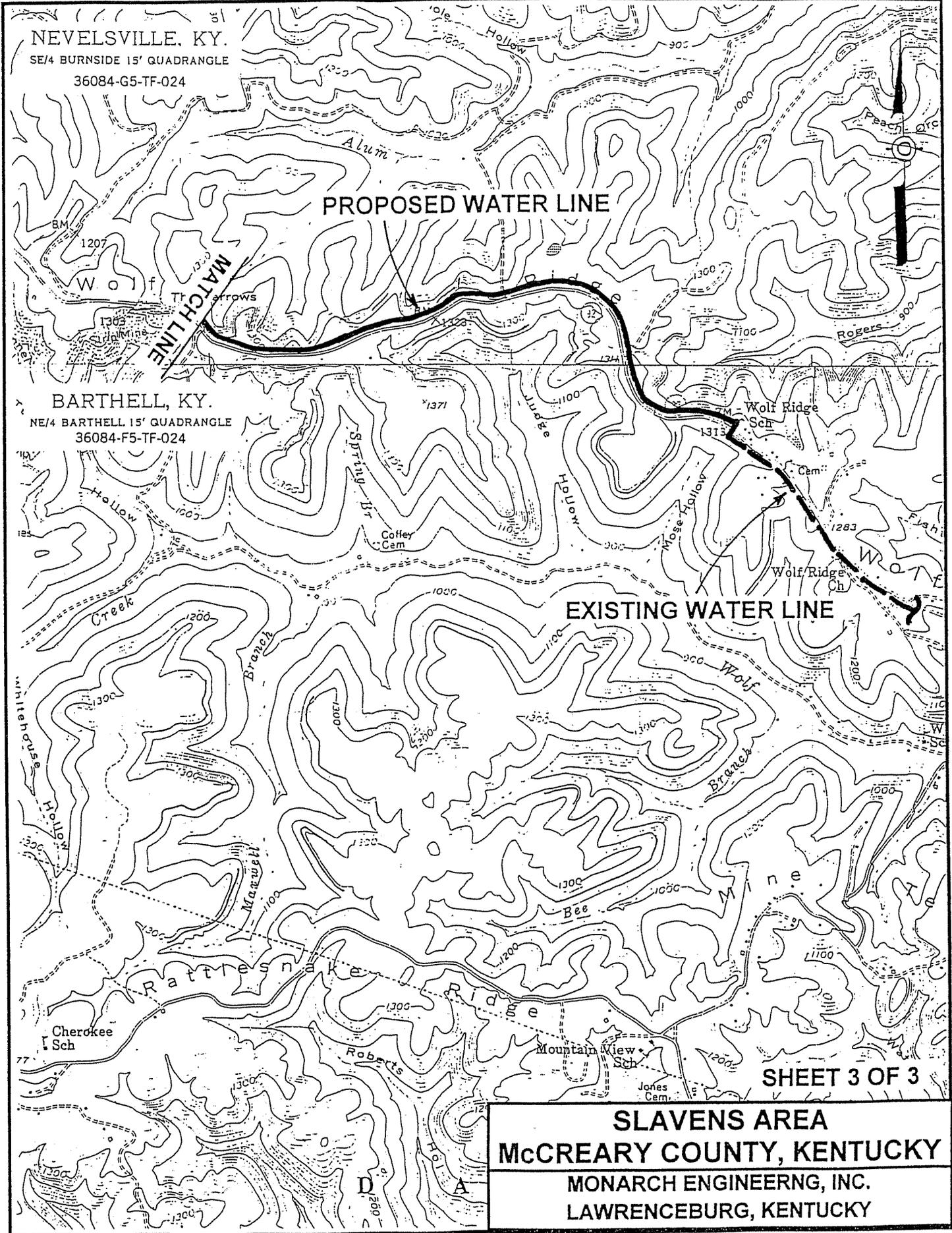
PROPOSED WATER LINE

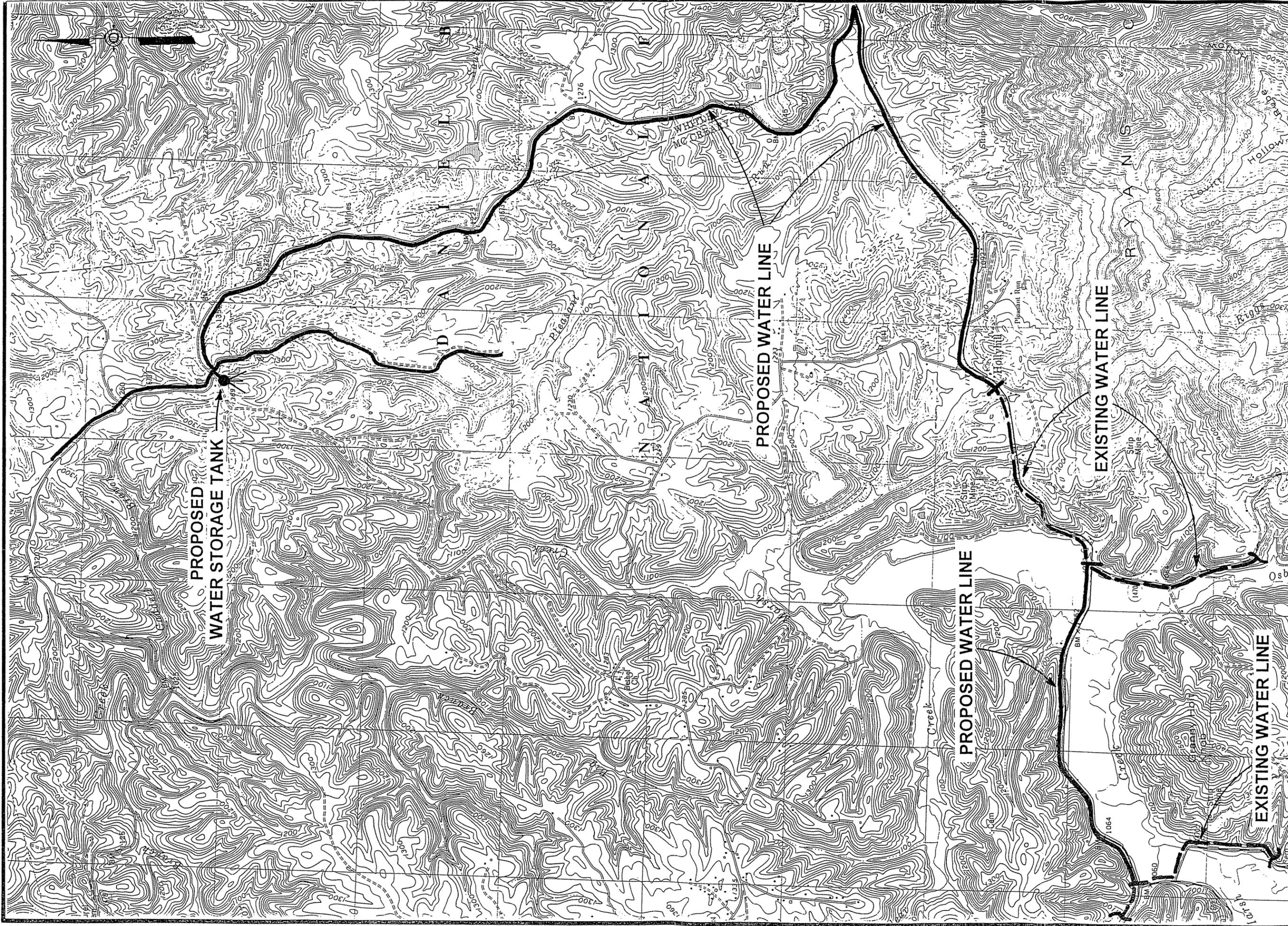
BARTHELL, KY.
NE/4 BARTHELL 15' QUADRANGLE
36084-F5-TF-024

EXISTING WATER LINE

SHEET 3 OF 3

SLAVENS AREA
McCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY





PROPOSED
WATER STORAGE TANK

PROPOSED WATER LINE

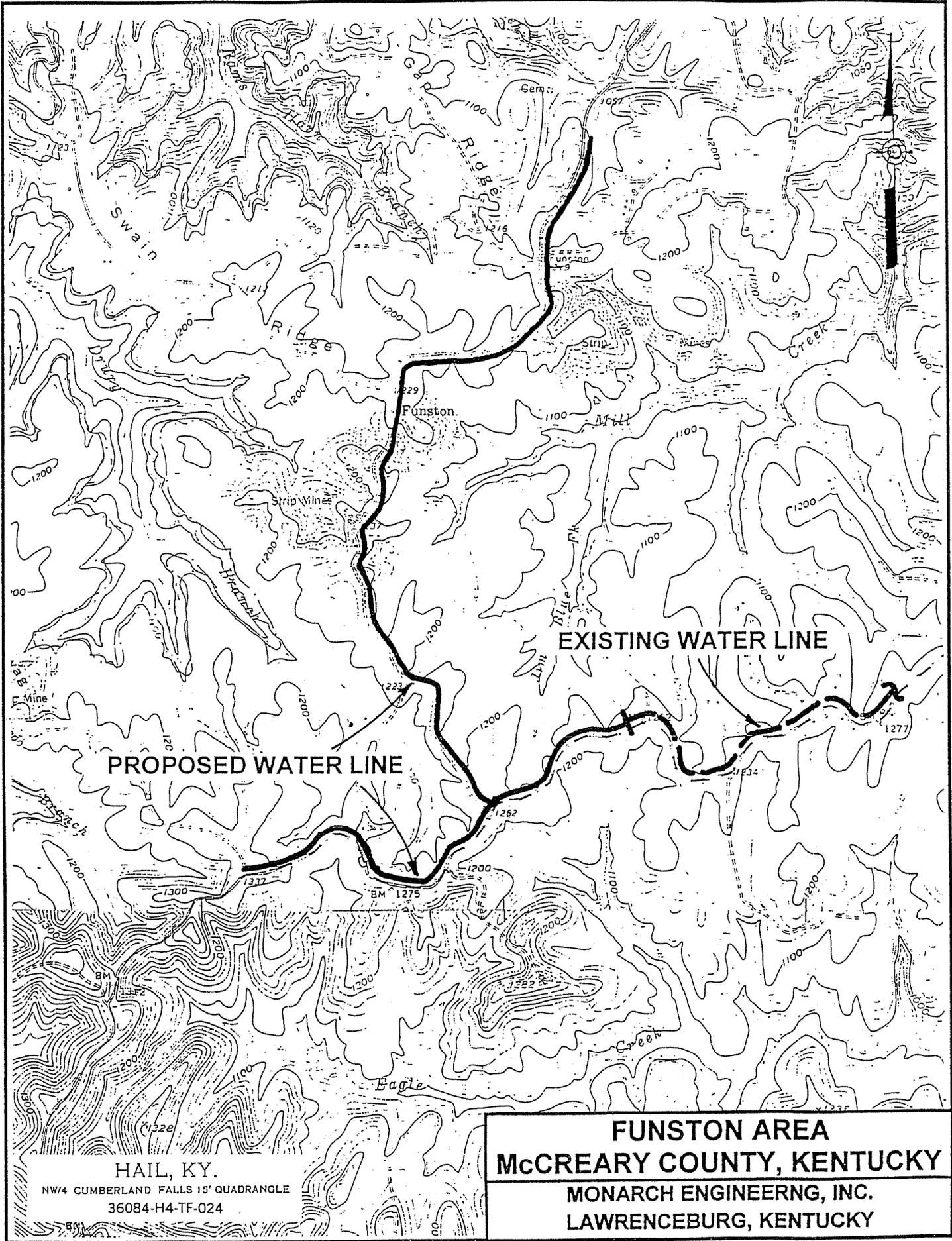
PROPOSED WATER LINE

EXISTING WATER LINE

EXISTING WATER LINE

HOLLYHILL / 3C ROAD
MCCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY

HOLLYHILL, KY.
NE 4 STEARNS 15' QUADRANGLE
N3637.5-W84157.5



PROPOSED WATER LINE

EXISTING WATER LINE

**FUNSTON AREA
McCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY**

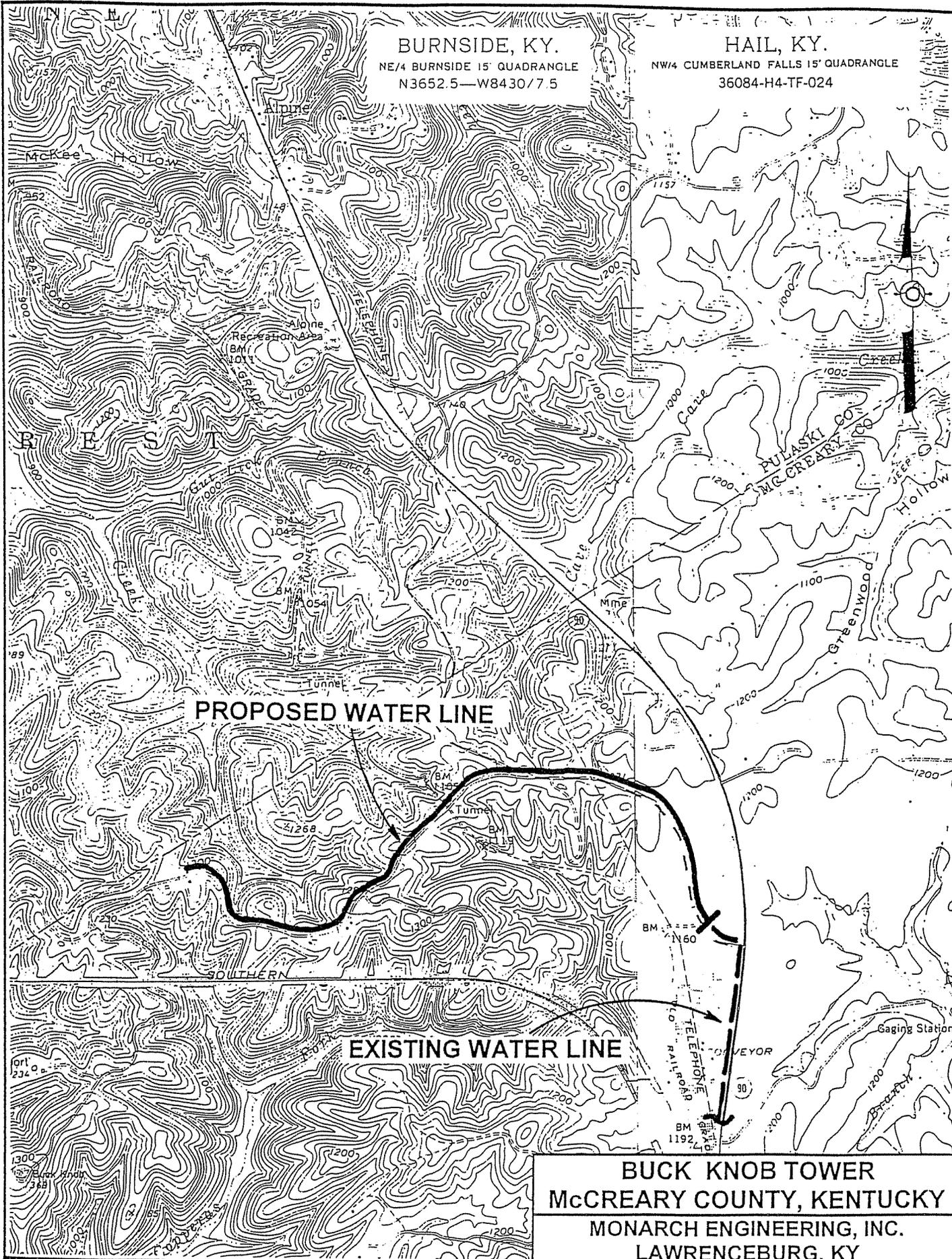
**HAIL, KY.
NW/4 CUMBERLAND FALLS 15' QUADRANGLE
36084-H4-TF-024**

BURNSIDE, KY.

NE/4 BURNSIDE 15' QUADRANGLE
N3652.5—W8430/7 5

HAIL, KY.

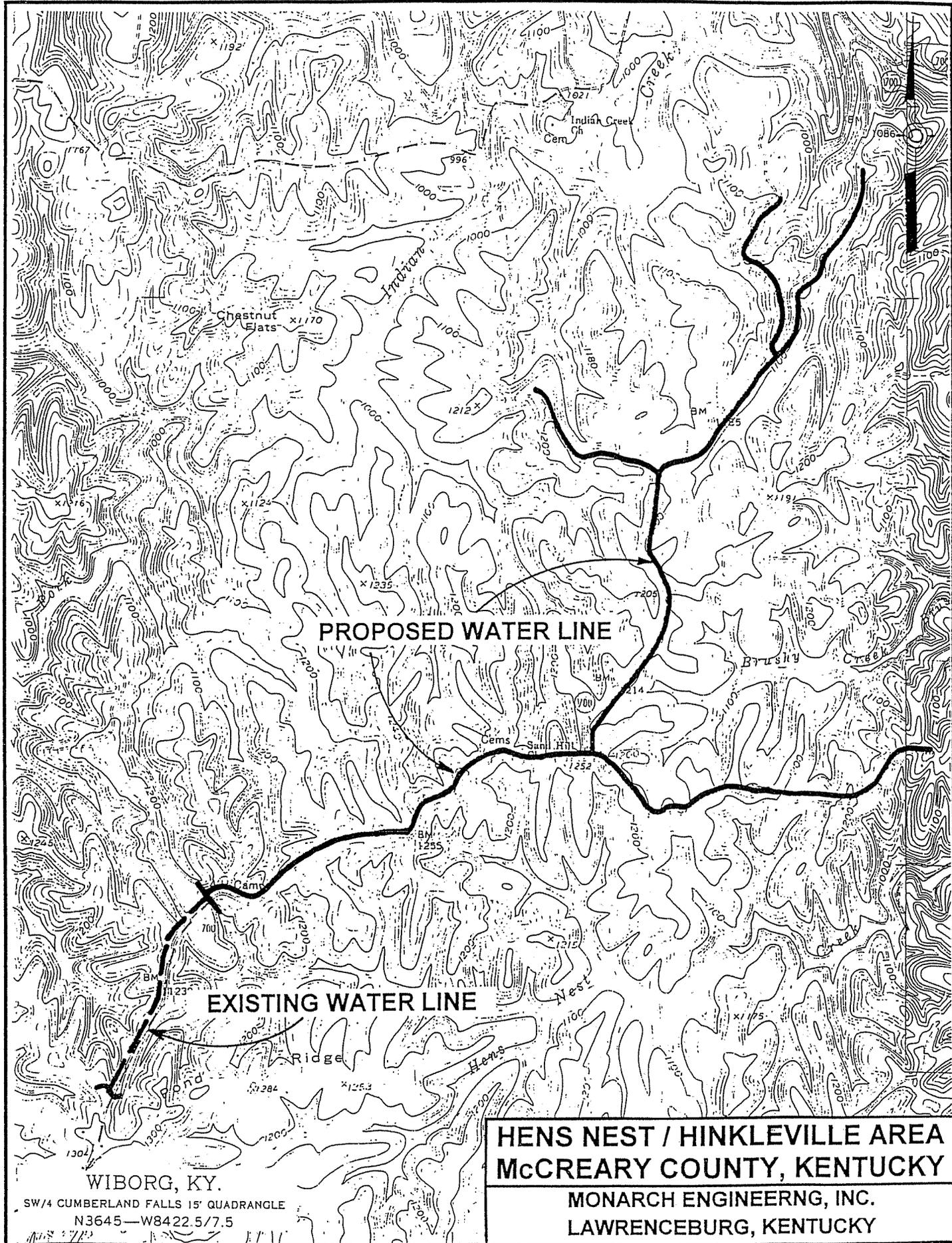
NW/4 CUMBERLAND FALLS 15' QUADRANGLE
36084-H4-TF-024



PROPOSED WATER LINE

EXISTING WATER LINE

**BUCK KNOB TOWER
McCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KY**



PROPOSED WATER LINE

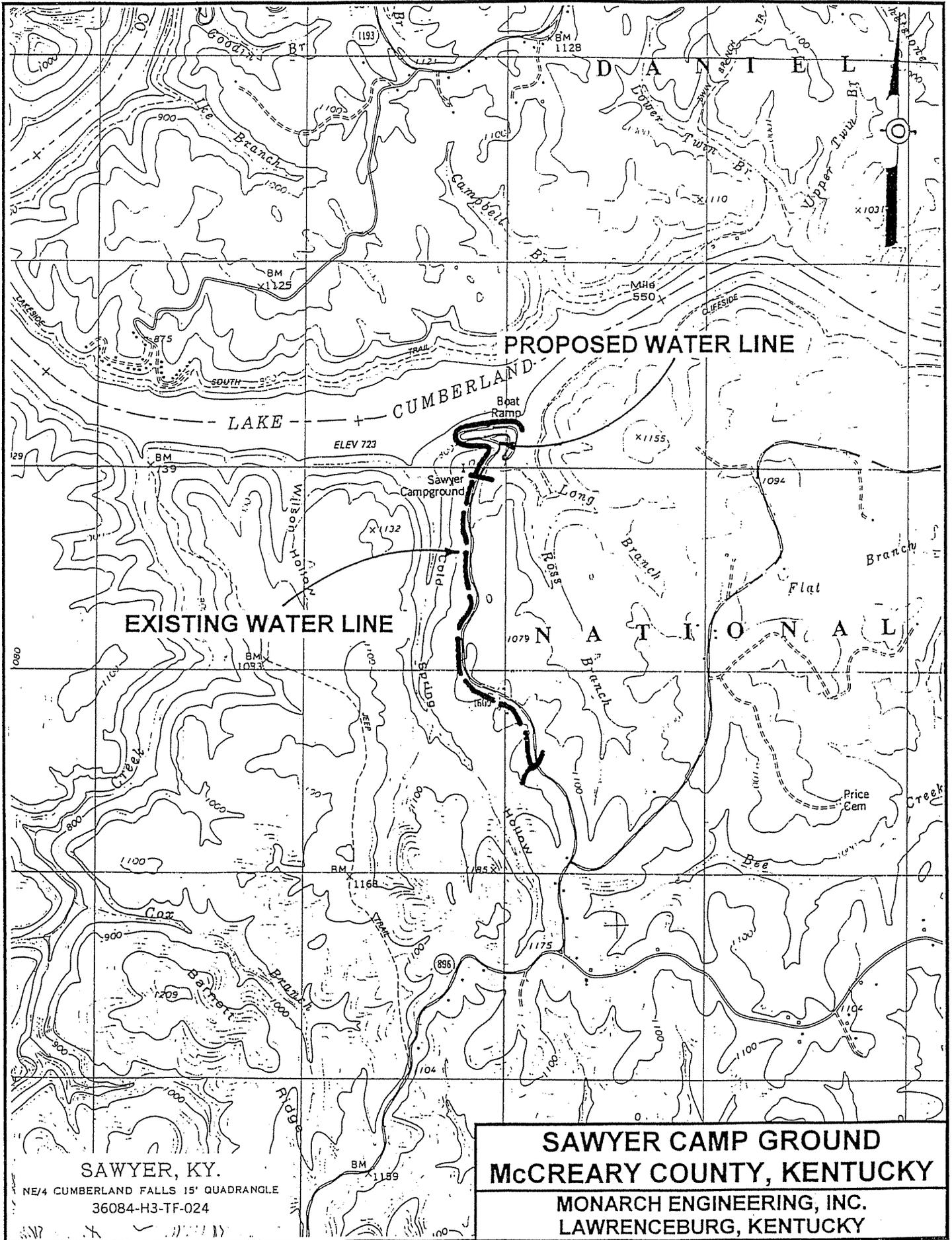
EXISTING WATER LINE

**HENS NEST / HINKLEVILLE AREA
McCREARY COUNTY, KENTUCKY**

**MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY**

WIBORG, KY.

SW/4 CUMBERLAND FALLS 15' QUADRANGLE
N3645—W8422.5/7.5



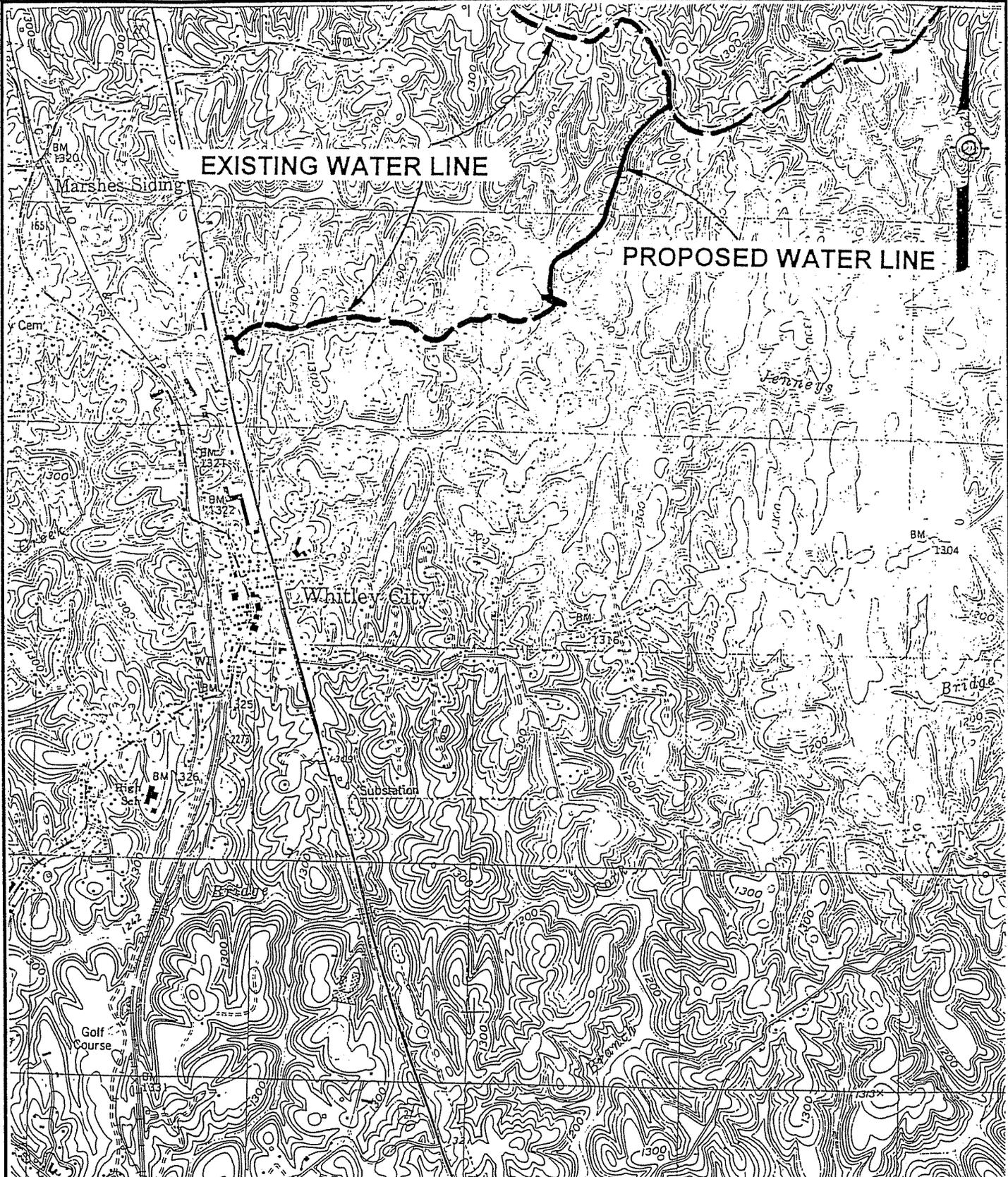
PROPOSED WATER LINE

EXISTING WATER LINE

**SAWYER CAMP GROUND
McCREARY COUNTY, KENTUCKY**
**MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY**

SAWYER, KY.

NE/4 CUMBERLAND FALLS 15' QUADRANGLE
36084-H3-TF-024

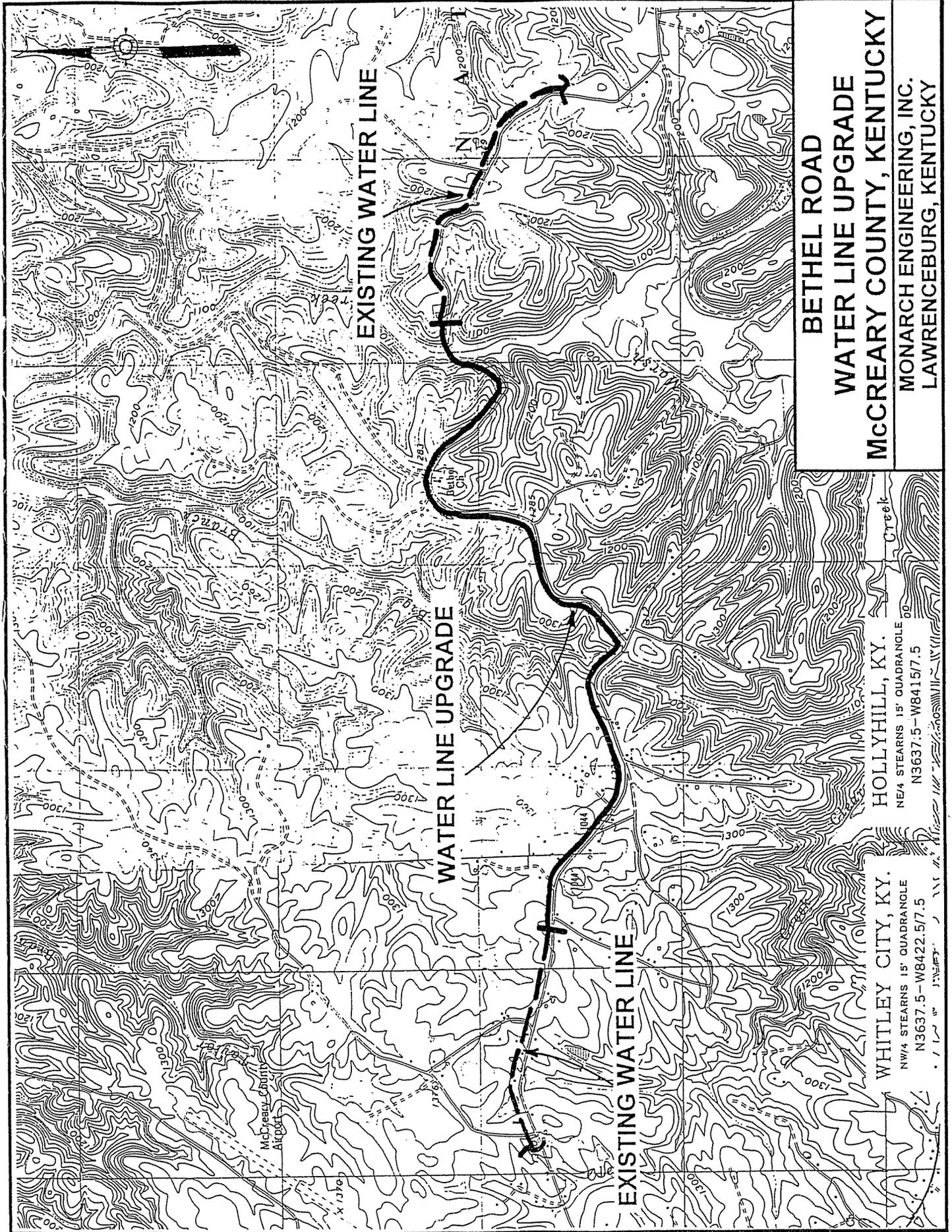


EXISTING WATER LINE

PROPOSED WATER LINE

WHITLEY CITY, KY.
NW/4 STEARNS 15' QUADRANGLE
N3637.5-W8422.5/7.5

JENNY'S BRANCH
McCREARY COUNTY, KENTUCKY
MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY



EXISTING WATER LINE

WATER LINE UPGRADE

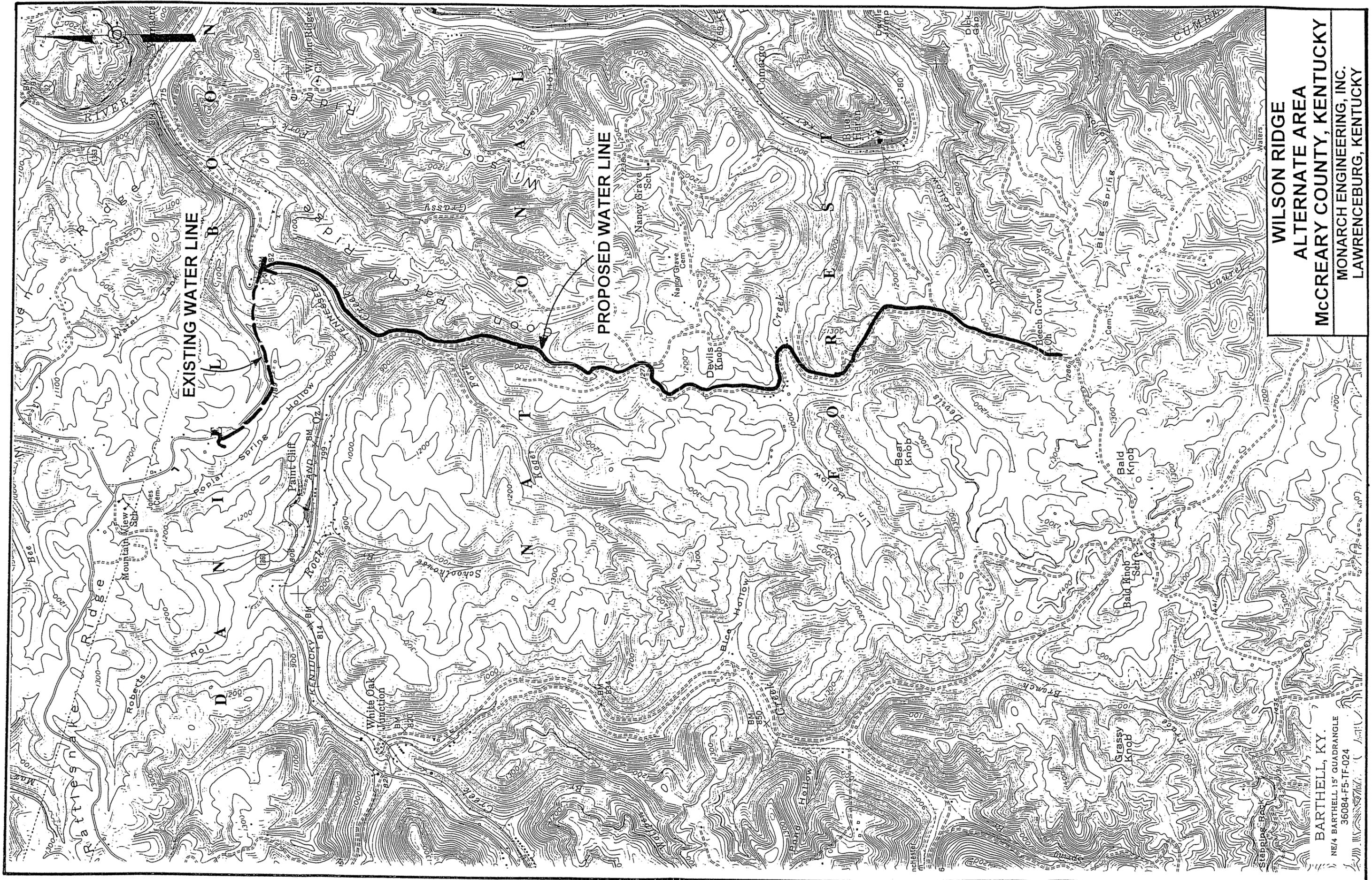
EXISTING WATER LINE

BETHEL ROAD
WATER LINE UPGRADE
MCCREARY COUNTY, KENTUCKY

HOLLYHILL, KY.
 NE/4 STEARNS 15' QUADRANGLE 00
 N3637.5-W84157.5

WHITLEY CITY, KY.
 NW/4 STEARNS 15' QUADRANGLE
 N3637.5-W8422.57.5

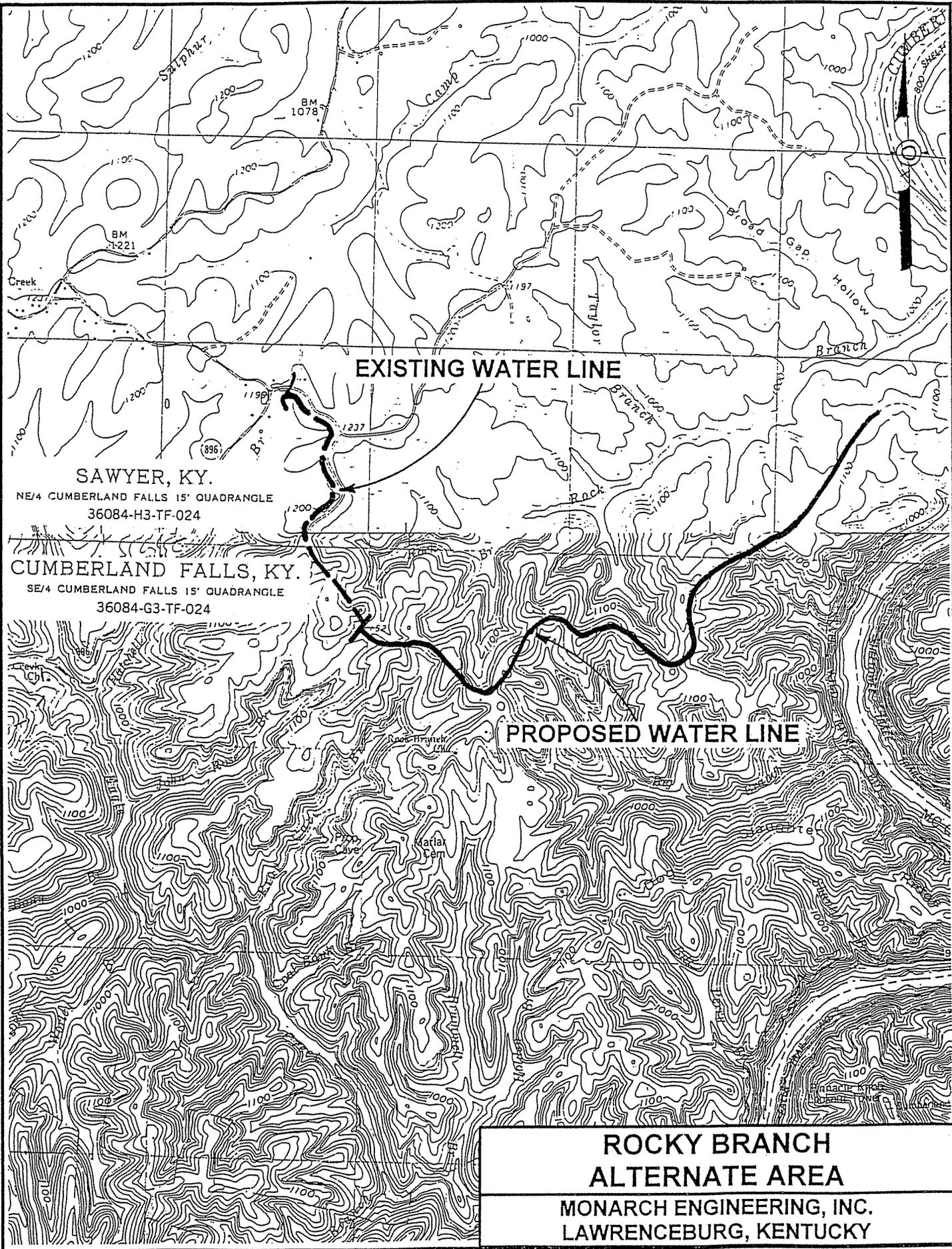
MONARCH ENGINEERING, INC.
 LAWRENCEBURG, KENTUCKY



**WILSON RIDGE
ALTERNATE AREA
MCCREARY COUNTY, KENTUCKY**

BARTHELL, KY.
NE/4 BARTHELL 15' QUADRANGLE
36084-F5-TF-024

**MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY**



SAWYER, KY.

NE/4 CUMBERLAND FALLS 15' QUADRANGLE
36084-H3-TF-024

CUMBERLAND FALLS, KY.

SE/4 CUMBERLAND FALLS 15' QUADRANGLE
36084-G3-TF-024

PROPOSED WATER LINE

**ROCKY BRANCH
ALTERNATE AREA**

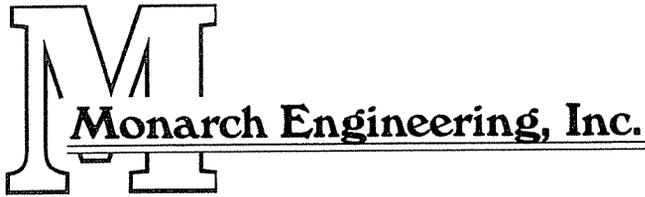
**MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY**

FINAL ENGINEERING REPORT

**MCCREARY COUNTY WATER DISTRICT
COUNTY WIDE WATER SYSTEM EXTENSIONS
MCCREARY COUNTY, KENTUCKY**

SEPTEMBER 27, 2004

PREPARED BY:



September 27, 2004

Raymond Taylor, Chairman
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

Re: McCreary County Water District
County Wide Water System Extensions

Dear Mr. Taylor:

On August 24, 2004, bids were received by the McCreary County Water District for the construction of the McCreary County Wide Water System Extensions. The work consisted of Contract 30 and Contract 31 – County Wide Water System Extensions, and Contract 32 – 50,000 Gallon Elevated Water Storage Tank. Four proposals were submitted for Contract 32 and the lowest bid was submitted by Phoenix Fabricators & Erectors, Inc. located in Avon, Indiana for an amount of \$207,082.00. All bids received for Contracts 30 and 31 were rejected by the McCreary County Water District and re-bid on September 13, 2004. Bids received on September 13, 2004 consisted of Contract 30, Contract 31, Contract 33, and Contract 34 - County Wide Water System Extensions. Three proposals were submitted for Contract 30 and the lowest bid was submitted by Stotts Construction Co., Inc. located in Columbia, Kentucky for an amount of \$1,218,746.50. Four proposals were submitted for Contract 31 and the lowest bid was submitted by Stotts Construction Co., Inc. located in Columbia, Kentucky for an amount of \$868,438.00. Three proposals were submitted for Contract 33 and the lowest bid was submitted by Stotts Construction Co., Inc. located in Columbia, Kentucky for an amount of \$496,916.50. Three proposals were submitted for Contract 34 and the lowest bid was submitted by Stotts Construction Co., Inc. located in Columbia, Kentucky for an amount of \$409,933.50. The sum of Contracts 30, 31, 32, 33, and 34 is \$3,201,116.50. A copy of the summarized bid tabulation of all bids received is attached along with a Project Budget.

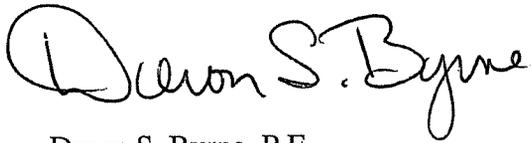
The amount of construction funds budgeted is \$2,294,266.50, thus there are insufficient funds to award all five contracts. Therefore, we recommend that the McCreary County Water District consider awarding Contract 30 to Stotts Construction Co., Inc. for an amount of \$1,218,746.50, Contract 31 to Stotts Construction Co., Inc. for an amount of \$868,438.00, and Contract 32 to Phoenix Fabricators & Erectors, Inc. for an amount of \$207,082.00 with the intent to seek other sources for funding of Contracts 33 and 34. This recommendation is contingent upon approval by the U.S.D.A Rural Development and the Kentucky Public Service Commission.

M

September 27, 2004
Page Two

Should you need additional information, please advise.

Sincerely,



Deron S. Byrne, P.E.

/dsb

cc Tom Coffey
Rural Development

Donna Diaz
Lake Cumberland ADD

Attachments

CONCRETE & GINFEILING, INC.
 556 Carlton Driv
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

McCREARY COUNTY WATER DISTRICT
 COUNTY WIDE WATER ITEM EXTENSIONS
 CONTRACT 30
 McCREARY COUNTY, KENTUCKY
 BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. 3615 Burkessville Rd. Columbia, KY 42728		Laurel Construction Co., Inc. 5209 Somersset Rd. London, KY 40741		B.P. Pipeline * HC 76 Box 838 Quincy, KY 41166	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT 30								
1	4-Inch Ductile Iron CL 350 Water Line	22,400 LF	\$18.00	\$403,200.00	\$20.00	\$448,000.00	\$30.00	\$672,000.00
2	4-Inch PVC SDR 17 Water Line	31,170 LF	6.50	202,605.00	11.50	358,455.00	11.00	342,870.00
3	4-Inch PVC SDR 21 Water Line	59,880 LF	6.30	377,244.00	11.00	658,680.00	10.00	598,800.00
4	3-Inch PVC SDR 17 Water Line	3,830 LF	5.95	22,788.50	10.00	38,300.00	9.20	35,236.00
5	3-Inch PVC SDR 21 Water Line	430 LF	5.80	2,494.00	9.80	4,214.00	9.00	3,870.00
6	Bore & Case 4-Inch Water Line	200 LF	65.00	13,000.00	90.00	18,000.00	150.00	30,000.00
7	Bore & Case 3-Inch Water Line	90 LF	60.00	5,400.00	70.00	6,300.00	150.00	13,500.00
8	Creek Crossing for 4-Inch Water Line	90 LF	25.00	2,250.00	30.00	2,700.00	100.00	9,000.00
9	4-Inch Gate Valve	50 EA	450.00	22,500.00	400.00	20,000.00	350.00	17,500.00
10	3-Inch Gate Valve	6 EA	395.00	2,370.00	340.00	2,040.00	340.00	2,040.00
11	Air Release Valve	8 EA	380.00	3,040.00	300.00	2,400.00	500.00	4,000.00
12	Flush Hydrant Assembly	50 EA	1,500.00	75,000.00	1,000.00	50,000.00	2,000.00	100,000.00
13	Connection	2 EA	1,000.00	2,000.00	600.00	1,200.00	2,000.00	4,000.00
14	Standard Meter Setting	13 EA	425.00	5,525.00	380.00	4,940.00	600.00	7,800.00
15	Tandem Meter Setting	64 EA	470.00	30,080.00	400.00	25,600.00	700.00	44,800.00
16	3/4-Inch PE Service Tubing	3,850 LF	5.00	19,250.00	4.30	16,555.00	6.00	23,100.00
17	Pressure Reducing Station	3 EA	10,000.00	30,000.00	16,000.00	48,000.00	20,000.00	60,000.00
				\$1,218,746.50		\$1,705,384.00		\$1,968,516.00
ALTERNATE NO. 1 CONTRACT 30								
1	4-Inch PVC SDR 17 Water Line	1,250 LF	\$6.50	\$8,125.00	\$11.50	\$14,375.00	\$11.00	\$13,750.00
2	4-Inch PVC SDR 21 Water Line	4,750 LF	6.30	29,925.00	11.00	52,250.00	10.00	47,500.00
3	Bore & Case 4-Inch Water Line	35 LF	65.00	2,275.00	90.00	3,150.00	150.00	5,250.00
4	4-Inch Gate Valve	4 EA	450.00	1,800.00	400.00	1,600.00	350.00	1,400.00
5	Flush Hydrant Assembly	2 EA	1,500.00	3,000.00	1,000.00	2,000.00	2,000.00	4,000.00
6	Connection	1 EA	1,000.00	1,000.00	600.00	600.00	2,000.00	2,000.00
7	Standard Meter Setting	1 EA	425.00	425.00	380.00	380.00	600.00	600.00
8	3/4-Inch PE Service Tubing	50 LF	5.00	250.00	4.30	215.00	6.00	300.00
				\$46,800.00		\$74,570.00		\$74,800.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, MONDAY, SEPTEMBER 13, 2004 AT THE McCREARY WATER DISTRICT AT THE WATER OFFICE BUILDING.

* DENOTES AN ARITHMETIC ERROR WAS MADE ON AN ALTERNATE BID SUBMITTED. AMOUNT HAS BEEN CORRECTED TO REFLECT UNIT PRICE SUBMITTED.

BY: *Deron S. Byrne*
 Deron S. Byrne, P.E.
 STATE OF KENTUCKY
 PROFESSIONAL ENGINEER
 23127
 DATE: 9/15/04

ONAF GIMFE INC.
 556 Carlton Dr.
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

CCRL... COUL... /ATE... /TRIC1
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 30

McCREARY COUNTY, KENTUCKY

BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc.		Laurel Construction Co., Inc.		B.P. Pipeline, LLC	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2 CONTRACT 30								
1	3-Inch PVC SDR 17 Water Line	3,430 LF	\$5.95	\$20,408.50	\$10.00	\$34,300.00	\$9.20	\$31,556.00
2	3-Inch PPVC SDR 21 Water Line	6,500 LF	5.80	37,700.00	9.80	63,700.00	9.00	58,500.00
3	Bore & Case 3-Inch Water Line	30 LF	60.00	1,800.00	70.00	2,100.00	150.00	4,500.00
4	3-Inch Gate Valve	4 EA	395.00	1,580.00	340.00	1,360.00	340.00	1,360.00
5	Air Release Valve	1 EA	380.00	380.00	300.00	300.00	500.00	500.00
6	Flush Hydrant Assembly	4 EA	1,500.00	6,000.00	1,000.00	4,000.00	2,000.00	8,000.00
7	Connection	1 EA	1,000.00	1,000.00	600.00	600.00	2,000.00	2,000.00
8	Standard Meter Setting	4 EA	425.00	1,700.00	380.00	1,520.00	600.00	2,400.00
9	Tandem Meter Setting	2 EA	470.00	940.00	400.00	800.00	700.00	1,400.00
10	3/4-Inch PE Service Tubing	300 LF	5.00	1,500.00	4.30	1,290.00	6.00	1,800.00
TOTAL ALTERNATE NO. 2 CONTRACT 30				\$73,008.50		\$109,970.00		\$112,016.00
ALTERNATE NO. 3 CONTRACT 30								
1	4-Inch PVC SDR 17 Water Line	1,750 LF	\$6.50	\$11,375.00	\$11.50	\$20,125.00	\$11.00	\$19,250.00
2	4-Inch PVC SDR 21 Water Line	2,200 LF	6.30	13,860.00	11.00	24,200.00	10.00	22,000.00
3	4-Inch Gate Valve	1 EA	450.00	450.00	400.00	400.00	350.00	350.00
4	Flush Hydrant Assembly	1 EA	1,500.00	1,500.00	1,000.00	1,000.00	2,000.00	2,000.00
5	Connection	1 EA	1,000.00	1,000.00	600.00	600.00	2,000.00	2,000.00
6	Pressure Reducing Station	1 EA	10,000.00	10,000.00	16,000.00	16,000.00	20,000.00	20,000.00
TOTAL ALTERNATE NO. 3 CONTRACT 30				\$38,185.00		\$62,325.00		\$65,600.00

...S... CRE... COUN... STATE... DISTRICT
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 31
 McCREARY COUNTY, KENTUCKY
 BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

DNAR 3INEE NC.
 556 Carlton Dr.
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. 3615 Burkesville Rd. Columbia, KY 42728		D & H Contracting Co., Inc. 2003 Lakeview Dr. London, KY 40741	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT 31						
1	6-Inch PVC SDR 17 Water Line	7,700 LF	\$9.00	\$69,300.00	\$10.90	\$83,930.00
2	6-Inch PVC SDR 21 Water Line	11,200 LF	7.70	86,240.00	10.80	120,960.00
3	4-Inch PVC SDR 17 Water Line	32,590 LF	6.50	211,835.00	7.61	248,009.90
4	4-Inch PVC SDR 21 Water Line	22,460 LF	6.30	141,498.00	7.40	166,204.00
5	3-Inch PVC SDR 17 Water Line	13,540 LF	5.95	80,563.00	6.53	88,416.20
6	3-Inch PVC SDR 21 Water Line	10,740 LF	5.80	62,292.00	6.37	68,413.80
7	Bore & Case 6-Inch Water Line	150 LF	70.00	10,500.00	100.00	15,000.00
8	Bore & Case 4-Inch Water Line	290 LF	65.00	18,850.00	90.00	26,100.00
9	Bore & Case 3-Inch Water Line	165 LF	60.00	9,900.00	80.00	13,200.00
10	Open Cut & Case for 3-Inch Water Line	25 LF	30.00	750.00	40.00	1,000.00
11	Creek Crossing for 4-Inch Water Line	40 LF	25.00	1,000.00	100.00	4,000.00
12	6-Inch Gate Valve	18 EA	540.00	9,720.00	450.00	8,100.00
13	4-Inch Gate Valve	28 EA	450.00	12,600.00	386.00	10,808.00
14	3-Inch Gate Valve	13 EA	395.00	5,135.00	367.00	4,771.00
15	Air Release Valve	1 EA	380.00	380.00	425.00	425.00
16	Flush Hydrant Assembly	43 EA	1,500.00	64,500.00	1,800.00	77,400.00
17	Connection	4 EA	1,000.00	4,000.00	2,000.00	8,000.00
18	Type I Connection	10 EA	650.00	6,500.00	2,000.00	20,000.00
19	Standard Meter Setting	1 EA	425.00	425.00	270.00	270.00
20	Tandem Meter Setting	60 EA	470.00	28,200.00	320.00	19,200.00
21	Meter Reconnection	38 EA	250.00	9,500.00	250.00	9,500.00
22	3/4-Inch PE Service Tubing	4,950 LF	5.00	24,750.00	4.00	19,800.00
23	Pressure Reducing Station	1 EA	10,000.00	10,000.00	16,000.00	16,000.00
TOTAL BASE BID CONTRACT 31				\$868,438.00		\$1,029,507.90
ALTERNATE NO. 1 CONTRACT 31						
1	4-Inch PVC SDR 17 Water Line	4,110 LF	\$6.50	\$26,715.00	\$7.61	\$31,277.10
2	Creek Crossing for 4-Inch Water Line	40 LF	25.00	1,000.00	100.00	4,000.00
3	4-Inch Gate Valve	4 EA	450.00	1,800.00	386.00	1,544.00
4	Flush Hydrant Assembly	2 EA	1,500.00	3,000.00	1,800.00	3,600.00
5	Connection	2 EA	1,000.00	2,000.00	2,000.00	4,000.00
TOTAL ALTERNATE NO. 1 CONTRACT 31				\$34,515.00		\$44,421.10

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, MONDAY, SEPTEMBER 13, 2004 AT THE McCREARY WATER DISTRICT AT THE WATER OFFICE BUILDING

BY: *Deron S. Byrne*
 Deron S. Byrne, P.E.
 23127
 STATE OF KENTUCKY
 LICENSED PROFESSIONAL ENGINEER
 DATE 9/13/04

CRE... JOUN... ATEI... RICT
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 31
 McCREARY COUNTY, KENTUCKY
 BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

JNAR JINEE NC.
 556 Carlton Dr.
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

ITEM NO.	DESCRIPTION	QUANTITY	Laurel Construction Co., Inc.		B.P. Pipeline, LLC	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT 31					
1	6-Inch PVC SDR 17 Water Line	7,700 LF	\$14.00	\$107,800.00	\$12.50	\$96,250.00
2	6-Inch PVC SDR 21 Water Line	11,200 LF	13.00	145,600.00	12.00	134,400.00
3	4-Inch PVC SDR 17 Water Line	32,590 LF	11.50	374,785.00	11.00	358,490.00
4	4-Inch PVC SDR 21 Water Line	22,460 LF	11.00	247,060.00	10.00	224,600.00
5	3-Inch PVC SDR 17 Water Line	13,540 LF	10.00	135,400.00	9.20	124,568.00
6	3-Inch PVC SDR 21 Water Line	10,740 LF	9.80	105,252.00	9.00	96,660.00
7	Bore & Case 6-Inch Water Line	150 LF	100.00	15,000.00	180.00	27,000.00
8	Bore & Case 4-Inch Water Line	290 LF	90.00	26,100.00	150.00	43,500.00
9	Bore & Case 3-Inch Water Line	165 LF	70.00	11,550.00	150.00	24,750.00
10	Open Cut & Case for 3-Inch Water Line	25 LF	25.00	625.00	80.00	2,000.00
11	Creek Crossing for 4-Inch Water Line	40 LF	30.00	1,200.00	100.00	4,000.00
12	6-Inch Gate Valve	18 EA	450.00	8,100.00	600.00	10,800.00
13	4-Inch Gate Valve	28 EA	400.00	11,200.00	350.00	9,800.00
14	3-Inch Gate Valve	13 EA	340.00	4,420.00	340.00	4,420.00
15	Air Release Valve	1 EA	300.00	300.00	500.00	500.00
16	Flush Hydrant Assembly	43 EA	1,000.00	43,000.00	2,000.00	86,000.00
17	Connection	4 EA	600.00	2,400.00	2,000.00	8,000.00
18	Type I Connection	10 EA	1,400.00	14,000.00	2,000.00	20,000.00
19	Standard Meter Setting	1 EA	380.00	380.00	600.00	600.00
20	Tandem Meter Setting	60 EA	400.00	24,000.00	700.00	42,000.00
21	Meter Reconnection	38 EA	300.00	11,400.00	1,000.00	38,000.00
22	3/4-Inch PE Service Tubing	4,950 LF	4.30	21,285.00	6.00	29,700.00
23	Pressure Reducing Station	1 EA	16,000.00	16,000.00	20,000.00	20,000.00
	TOTAL BASE BID CONTRACT 31			\$1,326,857.00		\$1,406,038.00
	ALTERNATE NO. 1 CONTRACT 31					
1	4-Inch PVC SDR 17 Water Line	4,110 LF	\$11.50	\$47,265.00	\$11.00	\$45,210.00
2	Creek Crossing for 4-Inch Water Line	40 LF	30.00	1,200.00	100.00	4,000.00
3	4-Inch Gate Valve	4 EA	400.00	1,600.00	350.00	1,400.00
4	Flush Hydrant Assembly	2 EA	1,000.00	2,000.00	2,000.00	4,000.00
5	Connection	2 EA	600.00	1,200.00	2,000.00	4,000.00
	TOTAL ALTERNATE NO. 1 CONTRACT 31			\$53,265.00		\$58,610.00

...CRE... COUNTY WATER MAINS DISTRICT
 COUNTY WIDE WATER MAINS EXTENSIONS
 CONTRACT 31
 McCREARY COUNTY, KENTUCKY
 BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ONAR 31NEE NC.
 556 Carlton Drive
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc.		D & H Contracting Co., Inc.	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2 CONTRACT 31						
1	3-Inch PVC SDR 21 Water Line	1,140 LF	\$5.80	\$6,612.00	\$6.37	\$7,261.80
2	Bore and Case 3-Inch Water Line	30 LF	60.00	1,800.00	80.00	2,400.00
3	3-Inch Gate Valve	1 EA	395.00	395.00	367.00	367.00
4	Flush Hydrant Assembly	1 EA	1,500.00	1,500.00	1,800.00	1,800.00
5	Tandem Meter Setting	1 EA	470.00	470.00	320.00	320.00
6	3/4-Inch PE Service Tubing	50 LF	5.00	250.00	4.00	200.00
TOTAL ALTERNATE NO. 2 CONTRACT 31				\$11,027.00		\$12,348.80
ALTERNATE NO. 3 CONTRACT 31						
1	3-Inch Ductile Iron CL 350 Water Line	2,200 LF	\$18.00	\$39,600.00	\$10.00	\$22,000.00
2	3-Inch PVC SDR 17 Water Line	4,900 LF	5.95	29,155.00	6.53	31,997.00
3	3-Inch Gate Valve	1 EA	395.00	395.00	367.00	367.00
4	Air Release Valve	1 EA	380.00	380.00	425.00	425.00
5	Flush Hydrant Assembly	1 EA	1,500.00	1,500.00	1,800.00	1,800.00
6	Tandem Meter Setting	1 EA	470.00	470.00	320.00	320.00
7	3/4-Inch PE Service Tubing	50 LF	5.00	250.00	4.00	200.00
TOTAL ALTERNATE NO. 3 CONTRACT 31				\$71,750.00		\$57,109.00

ITEM NO.	DESCRIPTION	QUANTITY	Laurel Construction Co., Inc.		B.P. Pipeline, LLC	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2 CONTRACT 31						
1	3-Inch PVC SDR 21 Water Line	1,140 LF	\$9.80	\$11,172.00	\$9.00	\$10,260.00
2	Bore and Case 3-Inch Water Line	30 LF	70.00	2,100.00	150.00	4,500.00
3	3-Inch Gate Valve	1 EA	340.00	340.00	340.00	340.00
4	Flush Hydrant Assembly	1 EA	1,000.00	1,000.00	2,000.00	2,000.00
5	Tandem Meter Setting	1 EA	400.00	400.00	700.00	700.00
6	3/4-Inch PE Service Tubing	50 LF	4.30	215.00	6.00	300.00
TOTAL ALTERNATE NO. 2 CONTRACT 31				\$15,227.00		\$18,100.00
ALTERNATE NO. 3 CONTRACT 31						
1	3-Inch Ductile Iron CL350 Water Line	2,200 LF	\$20.00	\$44,000.00	\$30.00	\$66,000.00
2	3-Inch PVC SDR 17 Water Line	4,900 LF	10.00	49,000.00	9.20	45,080.00
3	3-Inch Gate Valve	1 EA	340.00	340.00	340.00	340.00
4	Air Release Valve	1 EA	300.00	300.00	500.00	500.00
5	Flush Hydrant Assembly	1 EA	1,000.00	1,000.00	2,000.00	2,000.00
6	Tandem Meter Setting	1 EA	400.00	400.00	700.00	700.00
7	3/4-Inch PE Service Tubing	50 LF	4.30	215.00	6.00	300.00
TOTAL ALTERNATE NO. 3 CONTRACT 31				\$95,255.00		\$114,920.00

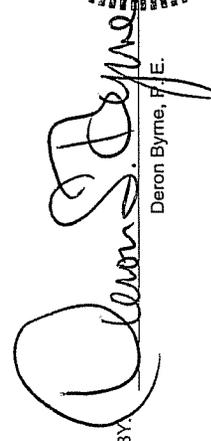
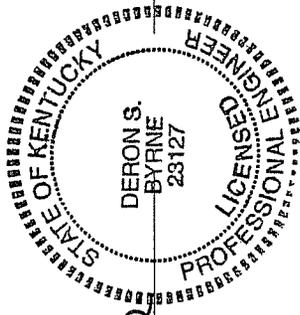
MONARCH ENGINEERING, INC.
 556 Carleton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
McCREARY COUNTY WATER DISTRICT
WATER SYSTEM EXTENSIONS & IMPROVEMENTS
CONTRACT 32 - 50,000 GALLON WATER STORAGE TANK
McCREARY COUNTY, KENTUCKY
BID DATE: AUGUST 24, 2004 @ 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	Phoenix Fabricators & Erectors, Inc. 182 S. County Rd. 900 East Avon, IN 46123	Caldwell Tanks P.O. Box 35770 Louisville, KY 40232
BASE CONTRACT						
1	50,000 Gallon Elevated Water Storage Tank including, the tank structure, tank appurtenances, painting, site work, piping, gravel and drainage.	1	LS	\$207,082.00	\$207,082.00	\$207,200.00
TOTAL BASE BID				\$207,082.00		\$207,200.00

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	Pittsburg Tank & Tower Co. Elevated Division 1329 Hwy. 41 North Sebree, KY 42455	Nationwide Tank & Tower Co. P.O. Box 3 Henderson, KY 42419
BASE CONTRACT						
1	50,000 Gallon Elevated Water Storage Tank including, the tank structure, tank appurtenances, painting, site work, piping, gravel and drainage.	1	LS	\$220,000.00	\$220,000.00	\$225,000.00
TOTAL BASE BID				\$220,000.00		\$225,000.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, TUESDAY, AUGUST 24, 2004 AT THE McCREARY CO. WATER DISTRICT AT THE WATER OFFICE BUILDING.

BY:  Deron Byrme, P.E.
 DATE: 8/27/04


MONARCH ENR RING, INC.
 556 Carlton Drive
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

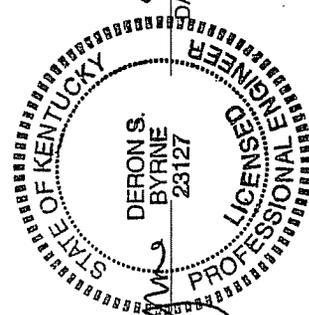
McCREARY COUN WATER DISTRICT
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 33

McCREARY COUNTY, KENTUCKY

BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. 3615 Burkesville Rd. Columbia, KY 42728		Laurel Construction Co., Inc. 5209 Somerset Rd. London, KY 40741		B.P. Pipeline, LLC HC 76 Box 838 Quincy, KY 41166	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT 33								
1	3-inch Ductile Iron CL 350 Water Line	11,280 LF	\$18.00	\$203,040.00	\$20.00	\$225,600.00	\$30.00	\$338,400.00
2	3-inch PVC SDR 17 Water Line	11,370 LF	5.95	67,651.50	10.00	113,700.00	9.20	104,604.00
3	3-inch PVC SDR 21 Water Line	10,050 LF	5.80	58,290.00	9.80	98,490.00	9.00	90,450.00
4	Bore & Case 3-inch Water Line	65 LF	60.00	3,900.00	70.00	4,550.00	150.00	9,750.00
5	Open Cut & Case for 3-inch Water Line	70 LF	30.00	2,100.00	25.00	1,750.00	50.00	3,500.00
6	Overhead Creek Crossing for 4-inch WL	225 LF	200.00	45,000.00	400.00	90,000.00	100.00	22,500.00
7	3-inch Gate Valve	14 EA	390.00	5,460.00	340.00	4,760.00	340.00	4,760.00
8	Air Release Valve	2 EA	425.00	850.00	300.00	600.00	500.00	1,000.00
9	Flush Hydrant Assembly	12 EA	1,500.00	18,000.00	1,000.00	12,000.00	2,000.00	24,000.00
10	Connection	1 EA	1,000.00	1,000.00	600.00	600.00	2,000.00	2,000.00
11	Standard Meter Setting	3 EA	425.00	1,275.00	380.00	1,140.00	600.00	1,800.00
12	Tandem Meter Setting	5 EA	470.00	2,350.00	400.00	2,000.00	700.00	3,500.00
13	3/4-Inch PE Service Tubing	400 LF	5.00	2,000.00	4.30	1,720.00	6.00	2,400.00
14	Pressure Reducing Station	1 EA	10,000.00	10,000.00	16,000.00	16,000.00	20,000.00	20,000.00
15	Hydropneumatic Pump Station	1 LS	76,000.00	76,000.00	60,000.00	60,000.00	150,000.00	150,000.00
TOTAL BASE BID CONTRACT 33				\$496,916.50		\$632,910.00		\$778,664.00
ALTERNATE NO. 1 CONTRACT 33								
1	3-Inch PVC SDR 17 Water Line	4,050 LF	\$5.95	\$24,157.00	\$10.00	\$40,600.00	\$9.20	\$37,352.00
2	3-Inch PVC SDR 21 Water Line	12,500 LF	5.80	72,500.00	9.80	122,500.00	9.00	112,500.00
3	3-Inch Gate Valve	4 EA	390.00	1,560.00	340.00	1,360.00	340.00	1,360.00
4	Air Release Valve	1 EA	425.00	425.00	300.00	300.00	500.00	500.00
5	Flush Hydrant Assembly	5 EA	1,500.00	7,500.00	1,000.00	5,000.00	2,000.00	10,000.00
6	Tandem Meter Setting	8 EA	470.00	3,760.00	400.00	3,200.00	700.00	5,600.00
7	3/4-Inch PE Service Tubing	400 LF	5.00	2,000.00	4.30	1,720.00	6.00	2,400.00
TOTAL ALTERNATE NO. 1 CONTRACT 33				\$111,902.00		\$174,680.00		\$169,712.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, MONDAY, SEPTEMBER 13, 2004 AT THE McCREARY WATER DISTRICT AT THE WATER OFFICE BUILDING.

BY: *Deron Byrne*
 Deron Byrne, P.E.
 9/15/04
 DATE


MONARCH EN' RING, INC.
 556 Carleton Drive
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

McCREARY COUN ATER DISTRICT
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 33

McCREARY COUNTY, KENTUCKY

BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc.		Laurel Construction Co., Inc.		B.P. Pipeline	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2 CONTRACT 33								
1	3-Inch PVC SDR 21 Water Line	9,860 LF	\$5.80	\$57,188.00	\$9.80	\$96,628.00	\$9.00	\$88,740.00
2	Bore and Case 3-Inch Water Line	75 LF	60.00	4,500.00	70.00	5,250.00	150.00	11,250.00
3	3-Inch Gate Valve	4 EA	390.00	1,560.00	340.00	1,360.00	340.00	1,360.00
4	Flush Hydrant Assembly	5 EA	1,500.00	7,500.00	1,000.00	5,000.00	2,000.00	10,000.00
5	Connection	1 EA	1,000.00	1,000.00	600.00	600.00	2,000.00	2,000.00
6	Standard Meter Setting	5 EA	425.00	2,125.00	380.00	1,900.00	600.00	3,000.00
7	3/4-Inch PE Service Tubing	250 LF	5.00	1,250.00	4.30	1,075.00	6.00	1,500.00
TOTAL ALTERNATE NO. 2 CONTRACT 33				\$75,123.00		\$111,813.00		\$117,850.00

INARC... JINEE... NC.
 556 Carlton Dr
 Lawrenceburg, Kentucky 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

...CRE... JOUN... WATER DISTRICT
 COUNTY WIDE WATER SYSTEM EXTENSIONS
 CONTRACT 34

McCREARY COUNTY, KENTUCKY

BID DATE SEPTEMBER 13, 2004 at 1:30 P.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co, Inc 3615 Burkesville Rd. Columbia, KY 42728		B.P. Pipeline, LLC * HC 76 Box 838 Quincy, KY 41166		Laurel Consturction Co., Inc. 5209 Somerset Rd. London, KY 40741	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT 34								
1	4-Inch PVC SDR 21 Water Line	1,700 LF	\$6.30	\$10,710.00	\$10.00	\$17,000.00	\$11.00	\$18,700.00
2	3-Inch PVC SDR 17 Water Line	6,250 LF	5.95	37,187.50	9.20	57,500.00	10.00	62,500.00
3	3-Inch PVC SDR 21 Water Line	49,520 LF	5.80	287,216.00	9.00	445,680.00	9.80	485,296.00
4	Bore & Case 3-Inch Water Line	25 LF	60.00	1,500.00	150.00	3,750.00	70.00	1,750.00
5	Creek Crossing for 3-Inch Water Line	15 LF	20.00	300.00	100.00	1,500.00	30.00	450.00
6	4-Inch Gate Valve	1 EA	400.00	400.00	350.00	350.00	400.00	400.00
7	3-Inch Gate Valve	17 EA	390.00	6,630.00	340.00	5,780.00	340.00	5,780.00
8	Air Release Valve	3 EA	425.00	1,275.00	500.00	1,500.00	300.00	900.00
9	Flush Hydrant Assembly	15 EA	1,500.00	22,500.00	2,000.00	30,000.00	1,000.00	15,000.00
10	Connection	3 EA	1,000.00	3,000.00	2,000.00	6,000.00	600.00	1,800.00
11	Standard Meter Setting	21 EA	425.00	8,925.00	600.00	12,600.00	380.00	7,980.00
12	Tandem Meter Setting	7 EA	470.00	3,290.00	700.00	4,900.00	400.00	2,800.00
13	3/4-Inch PE Service Tubing	1,400 LF	5.00	7,000.00	6.00	8,400.00	4.30	6,020.00
14	Pressure Reducing Station	2 EA	10,000.00	20,000.00	20,000.00	40,000.00	16,000.00	32,000.00
TOTAL BASE BID CONTRACT 34				\$409,933.50		\$634,960.00		\$641,376.00
ALTERNATE NO. 1 CONTRACT 34								
1	4-Inch PVC SDR 17 Water Line	2,320 LF	\$6.50	\$15,080.00	\$11.00	\$25,520.00	\$11.50	\$26,680.00
2	4-Inch PVC SDR 21 Water Line	3,250 LF	6.30	20,475.00	10.00	32,500.00	11.00	35,750.00
3	3-Inch PVC SDR 17 Water Line	9,410 LF	5.95	55,989.50	9.20	86,572.00	10.00	94,100.00
4	Bore & Case 4-Inch Water Line	60 LF	65.00	3,900.00	150.00	9,000.00	90.00	5,400.00
5	Bore & Case 3-Inch Water Line	40 LF	60.00	2,400.00	150.00	6,000.00	70.00	2,800.00
6	Overhead Creek Crossing for 4-Inch WL	80 LF	200.00	16,000.00	100.00	8,000.00	300.00	24,000.00
7	4-Inch Gate Valve	2 EA	450.00	900.00	350.00	700.00	400.00	800.00
8	3-Inch Gate Valve	3 EA	395.00	1,185.00	340.00	1,020.00	340.00	1,020.00
9	Flush Hydrant Assembly	5 EA	1,500.00	7,500.00	2,000.00	10,000.00	1,000.00	5,000.00
6	Tandem Meter Setting	6 EA	470.00	2,820.00	700.00	4,200.00	400.00	2,400.00
7	3/4-Inch PE Service Tubing	300 LF	5.00	1,500.00	6.00	1,800.00	4.30	1,290.00
8	Pressure Reducing Station	1 EA	10,000.00	10,000.00	20,000.00	20,000.00	16,000.00	16,000.00
TOTAL ALTERNATE NO. 1 CONTRACT 34				\$137,749.50		\$205,312.00		\$215,240.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 1:30 P.M., LOCAL TIME, MONDAY, SEPTEMBER 13, 2004 AT THE McCREARY WATER DISTRICT AT THE WATER OFFICE BUILDING.
 * DENOTES AN ARITHMETIC ERROR WAS MADE ON BASE & ALTERNATE BIDS SUBMITTED, AMOUNT HAS BEEN CORRECTED TO REFLECT UNIT PRICE SUBMITTED.

BY: *Deron S. Byrne*
 Deron S. Byrne, P.E.
 STATE OF KENTUCKY
 LICENSED PROFESSIONAL ENGINEER
 23127
 DATE 9/13/04

**PROJECT BUDGET
COUNTY WIDE WATER SYSTEM EXTENSIONS
McCREARY COUNTY WATER DISTRICT
McCREARY COUNTY, KENTUCKY**

PROJECT COSTS

CONTRACT 30 DEVELOPMENT	\$1,218,746.50
CONTRACT 31 DEVELOPMENT	868,438.00
CONTRACT 32 DEVELOPMENT	207,082.00
CONTINGENCY	229,212.08
ENGINEERING DESIGN	161,057.51
CONSTRUCTION INSPECTION	78,463.91
LEGAL & ADMINISTRATION	40,000.00
INTEREST	25,000.00
LAND & EASEMENT ACQUISITION	10,000.00
U.S. FOREST ENVIRONMENTAL ASSESSMENT	10,000.00
ADDITIONAL ENGINEERING	<u>20,000.00</u>

TOTAL PROJECT COSTS \$2,868,000.00

PROJECT FINANCING

McCREARY COUNTY WATER DISTRICT	\$55,000.00
RURAL DEVELOPMENT GRANT	950,000.00
RURAL DEVELOPMENT LOAN	750,000.00
APPALACHIAN REGIONAL COMMISSION	400,000.00
KIA - COAL DEVELOPMENT GRANT	<u>920,000.00</u>

TOTAL PROJECT FINANCING \$3,075,000.00

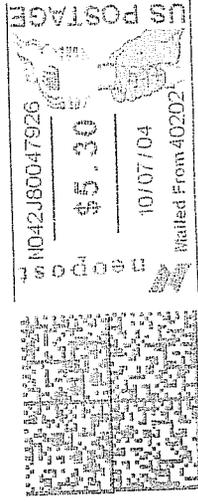
UNCOMMITTED FUNDS \$207,000.00

ATTORNEYS AT LAW

Rubin & Hays

Kentucky Home Trust Bldg., 450 South Third St., Louisville, KY 40202

To
Ms. Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602



RECEIVED
OCT 8 2004
PUBLIC SERVICE
COMMISSION